

MEMORANDUM OF UNDERSTANDING  
LETTER OF CREDIT

This is a Memorandum of Understanding by and among ("the Insurer") \_\_\_\_\_, (hereinafter called the Insurer), and the Montana Department of Labor & Industry, Employment Relations Division (hereinafter called the Department),

WHEREAS, the Insurer has applied for the privilege of insuring its obligations under the Montana Workers' Compensation Acts; and

WHEREAS, the Department has approved that application contingent upon the Insurer posting security in the amount of \$ ; and

WHEREAS, the Insurer wishes to meet this security requirement by posting a Letter of Credit issued by ("the Bank") \_\_\_\_\_, which is a duly chartered commercial bank located in the United States;

THEREFORE, the Department and Insurer agree as follows:

- 1) The Letter of Credit is being furnished to the Department in order to meet the condition for approval of Plan No. 2 status.
- 2) Unless the Department is notified otherwise by registered mail at least 60 days before an expiry date, the Letter of Credit will be automatically extended without amendment for an additional one-year period.
- 3) If the Department is notified that the Letter of Credit will not be renewed and a new Letter of Credit acceptable to the Department is not filed, the Department may, in its discretion draw on the Letter of Credit.
- 4) The Department may, in its discretion, draw on the Letter of Credit at any time if needed to pay any workers' compensation claims which are the Insurer's responsibility.
- 5) All proceeds resulting from the Department drawing on the Letter of Credit shall be deposited in a special account and shall only be used to pay workers' compensation claims which are the Insurer's responsibility.
- 6) The Letter of Credit and this Memorandum of Understanding shall be governed by and interpreted under the laws of Montana. Any action with respect to the Letter of Credit may be brought in a Montana state court with venue in Lewis and Clark County and the Insurer shall consent to the court's personal jurisdiction over the Insurer in that action.
- 7) As used in the memorandum of Understanding, "Insurer" means the entity that has been authorized by the Montana Insurance Commissioners office to write Workers' Compensation coverage in Montana.
- 8) This memorandum of Understanding is effective on \_\_\_\_\_, \_\_\_\_\_.

Memorandum of Understanding  
Letter of Credit  
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Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Name of Insurer

By:

\_\_\_\_\_  
Signature for Insurer

\_\_\_\_\_  
Typed Name and Title

Attest:  
(Seal)

\_\_\_\_\_  
Signature of Insurer Secretary

\_\_\_\_\_  
Typed Name of Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Montana Department of Labor & Industry  
Employment Relations Division  
Workers' Compensation Regulation Bureau

By:

\_\_\_\_\_  
Signature for Department

\_\_\_\_\_  
Typed Name and Title